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September 26, 2014

Via email to director@fasb.org

Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Update, *Simplifying the Measurement of Inventory* (File Reference No. 2014-210) ("the ED")

Dear Ms. Cosper:

We are pleased to provide comments on the proposal related to the measurement of inventory. We support reducing complexity and costs for preparers and auditors, while continuing to provide meaningful information to users of the financial statements.

Specifically, we agree with simplifying the measurement of inventory for the reasons cited by the Board. We agree with the proposed effective date and also with allowing early adoption. We believe the effective date allows adequate time for both public and private entities.

In the proposed amendments, we recommend retaining the current ASC language that states no impairment should be recognized unless evidence indicates clearly that a loss has been sustained.[1] Adjustments to the carrying amount of inventory involve a high degree of judgment, which has been an area of regulatory scrutiny in the past. We believe preserving this language is consistent with the Board's intent to simplify this area of U.S. GAAP, as opposed to unintentionally making it more subjective by removing this language. In that scenario, some may interpret the deletion as suggesting that losses do not need to be "sustained" before they are recognized in the financial statements.

With respect to transition, we recommend allowing entities to apply the guidance at date of adoption to existing inventories by recording the effect of the change to the opening balance of retained earnings. This would enhance the comparability of the adoption period with subsequent periods by using a consistent measurement attribute for inventory, rather than the effect of adoption being reflected in the income statement under a prospective approach.

Regardless, we believe the quantitative impact of adopting the new standard should be disclosed. As the Board observed, the amount may not be significant for many entities, and therefore disclosure would be unnecessary. If the effect of adoption is significant, quantifying the effect of the change would provide useful information to distinguish an accounting change from the rest of the current and comparative period operating results.

[1] See paragraph 330-10-35-4.

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We would be pleased to discuss our comments with the FASB staff. Please direct questions to Adam Brown at (214) 665-0673 or Gautam Goswami at (312) 616-4631.

Very truly yours,

BDO USA, LLP

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